

# **FISCAL NOTE**

## **SB 1768 - HB 1871**

March 29, 2001

### **SUMMARY OF BILL:**

- Exempts from the sales and use tax loaner motor vehicles provided by a franchised motor vehicle dealer at no charge during the time the customer's vehicle is being repaired. Under current law, such arrangements are considered leases subject to the sales tax.
- Provides an effective date upon becoming law and would apply to all taxes imposed under TCA 67-6-102, but not collected on the effective date of the act.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Exceeds \$100,000**

**Decrease Local Govt. Revenues - Less Than \$100,000**

Estimate assumes:

- based on information provided by the Department of Revenue, current sales tax law would require the payment of sales taxes on leases addressed by this bill. The amount of sales tax loss cannot be determined but based on information provided by the audit division of the department, the amount of such lease activity is estimated to be sufficient enough to generate a loss in state revenues in excess of \$100,000.
- a loss in sales tax revenues to local governments.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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